

**TREME' COMMUNITY EDUCATION PROGRAM, INC.
NEW ORLEANS, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/2/08

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION JUNE 30, 2007	3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007	4
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2007	5
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2007	6
NOTES TO THE FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	16
Exhibit I - Combining Statement of Financial Position--June 30, 2007	17
Exhibit II - Combining Statement of Activities for the Year Ended June 30, 2007	19
Exhibit III - Combining Statement of Functional Expenses for the Year Ended June 30, 2007	21

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	22
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2007	
Section I -- Summary of Auditors' Results	26
Section II -- Financial Statement Findings and Responses.....	28
Section III -- Federal Award Findings and Questioned Costs	33
Section IV -- Status of Prior Year's Findings and Responses	34
EXIT CONFERENCE	46



Member
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Michael B. Bruno, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Treme'Community Education Program, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of **Treme'Community Education Program, Inc. (TCEP)** (a nonprofit organization) as of June 30, 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of TCEP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCEP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Treme'Community Education Program, Inc.
New Orleans, Louisiana
Page 2

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of TCEP as of June 30, 2007, and the changes in its net assets, statements of functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2007, on our consideration of TCEP's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, this report contained control deficiencies which are considered to be material weaknesses.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2007



TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
ASSETS			
Grant receivable, net (NOTE 12)	\$ -0-	\$ -0-	\$ -0-
Prepaid items (NOTE 16)	17,383	-0-	17,383
Property and equipment, net (NOTES 5, 9 and 11)	<u>85,889</u>	<u>28,664</u>	<u>114,553</u>
Total assets	<u>103,272</u>	<u>28,664</u>	<u>131,936</u>
LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Bank overdraft	387	-0-	387
Amounts payable	22,237	-0-	22,237
Real estate taxes payable	10,073	-0-	10,073
Interest payable	1,877	-0-	1,877
Deferred revenues	<u>12,383</u>	<u>-0-</u>	<u>12,383</u>
Total liabilities	<u>46,957</u>	<u>-0-</u>	<u>46,957</u>
Contingencies and Commitments (NOTES 5, 8, 11 and 12)			
<u>Net Assets</u>			
Temporarily restricted	-0-	28,664	28,664
Unrestricted	<u>56,315</u>	<u>-0-</u>	<u>56,315</u>
Total net assets	<u>\$56,315</u>	<u>\$28,664</u>	<u>\$84,979</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Support:			
State of Louisiana			
Department of Treasury	\$219,700	\$18,433	\$238,133
New Orleans Council on Aging	78,425	-0-	78,425
Support from other programs	1,131	-0-	1,131
Net assets released from restrictions:			
Restrictions satisfied by use	<u>8,526</u>	<u>(8,526)</u>	<u>-0-</u>
Total support	<u>307,782</u>	<u>9,907</u>	<u>317,689</u>
Revenues:			
Donations	<u>2,921</u>	<u>-0-</u>	<u>2,921</u>
Total revenues	<u>2,921</u>	<u>-0-</u>	<u>2,921</u>
Total support and revenues	<u>310,703</u>	<u>9,907</u>	<u>320,610</u>
Expenses:			
Program services	111,549	-0-	111,549
Supporting services	<u>201,669</u>	<u>-0-</u>	<u>201,669</u>
Total expenses	<u>313,218</u>	<u>-0-</u>	<u>313,218</u>
Change in net assets	(2,515)	9,907	7,392
Net assets, beginning of year, as restated (NOTE 15)	<u>58,830</u>	<u>18,757</u>	<u>77,587</u>
Net assets, end of year	<u>\$ 56,315</u>	<u>\$28,664</u>	<u>\$ 84,979</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

UNRESTRICTED

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and related benefits	\$ 84,592	\$ 95,107	\$179,699
Payroll processing fees	1,133	1,228	2,361
Occupancy	3,784	17,237	21,021
Services and professional fees	1,822	8,299	10,121
Travel	4,220	19,223	23,443
Office supplies, printing and postage	967	5,077	6,044
Insurance	2,845	12,968	15,813
Gasoline	709	3,233	3,942
Equipment and equipment leases	5,485	-0-	5,485
Repairs and maintenance	1,223	5,568	6,791
Dues and subscriptions	71	325	396
Telephone	857	3,904	4,761
Interest expense	1,046	5,350	6,396
Depreciation	-0-	9,326	9,326
Licenses and permits	6	28	34
Bank service charges	171	781	952
Food and activities	2,219	10,105	12,324
Storage fees	154	701	855
Advertising	178	808	986
Books	17	76	93
Support to other programs	-0-	1,131	1,131
Other	<u>50</u>	<u>1,194</u>	<u>1,244</u>
Total	<u>\$111,549</u>	<u>\$201,669</u>	<u>\$313,218</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cashflows from Operating Activities:	
Change in net assets	\$ 7,392
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation Expense	9,326
Increase in prepaid items	(17,383)
Increase in amounts payable	2,856
Increase in bank overdraft	387
Increase in interfund payable, net	2,048
Increase in deferred revenues	<u>12,383</u>
Net cash provided by operating activities	<u>17,009</u>
Cashflows from Investing Activities:	
Purchase of equipment	<u>(18,433)</u>
Cash used by investing activities	<u>(18,433)</u>
Cashflows from Financing Activities:	
Payment on line of credit	<u>(12,452)</u>
Cash used by financing activities	<u>(12,452)</u>
Net decrease in cash	(13,876)
Cash, beginning of year	<u>13,876</u>
Cash, end of year	\$ <u>-0-</u>
Interest paid during the year ended June 30, 2007	\$ <u>6,396</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Background

Treme' Community Education Program, Inc. (TCEP) is a non-profit organization established to provide social services to residents of New Orleans, Louisiana. It was established and incorporated on May 31, 1996, to promote and effectuate the planning and delivery of community services and social service programs within the community. TCEP is organized to mobilize such human and financial resources as may be available to correct the socio-economic deprivations affecting the area and to avail itself to the community. The primary sources of funding are the Governor's Office of Urban Affairs and Development, New Orleans Council on Aging and the Office of Facility Planning and Control.

TCEP manages two major programs. The first is Harmony House, which is a senior citizen recreation center. The Center provides a variety of essential life support and cultural enrichment services to seniors who reside in parts of the 5th, 6th, 7th and 8th Wards of New Orleans. The second program is Trene Development Center. This program provides after school mentoring services for at-risk youths between the ages of six to sixteen years, who reside or attend school in District 96 of Orleans Parish.

Contributed Services

Contributed services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 2007 was \$-0-.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Property and Equipment

TCEP follows the practice of capitalizing all purchased property and equipment over \$500. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

In the case of explicit restrictions regarding their use and contributions, the donated assets are reported as restricted contributions. Absent of donor restrictions regarding how long those donated assets must be maintained, TCEP reports the expiration when the donated or acquired assets are placed in service as unrestricted by the donor. Depreciation expense is computed using the straight-line method for all depreciable assets over their respective estimated useful lives. In accordance with TCEP's contract with the State, all property and equipment purchased become the property of the State upon completion or termination of its contract. As such, all property and equipment purchased with grant funds from the State are expensed in the year of acquisition, except where the asset is restricted to a specific use and/or service.

Income Taxes

TCEP is a not-for-profit entity exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Principles of Accounting

The financial statements of TCEP are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis.

Basis of Presentation

For the year ended June 30, 2007, TCEP followed the requirements of Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117 in the presentation of its financial statements. Under SFAS No. 117, TCEP is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. Unrestricted net assets include funds not subject to donor-imposed stipulations. Revenues received and expenses incurred in conducting the mission of TCEP are included in this category. TCEP has determined that any donor imposed restrictions for current or developing programs and activities are generally met within the operating cycle. In addition, TCEP is required to present a statement of cash flows. As such, the accompanying financial statements are presented in accordance with the requirement of SFAS 117.

Contributions

TCEP reports all contributions in accordance with the requirements of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". As such, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Promises to Give

In accordance with SFAS No. 116, TCEP reports contributions as recognized when the donor makes a promise to give to TCEP that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TCEP uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made. At June 30, 2007, uncollectible allowance was \$-0-.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the purposes of the Statement of Cashflows, TCEP considers all investment purchases with a maturity of three months or less to be cash equivalents.

Interprogram Activities

Interprogram activities have been eliminated in the accompanying Statement of Financial Position.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted in the accompanying Statement of Functional Expenses.

NOTE 3 - Cash:

At June 30, 2007, the carrying amount of TCEP's deposits was \$-0- and the bank balance was \$31,212.

NOTE 4 - Fair Value of Financial Instruments:

The carrying amounts of cash, amounts receivable and payable, line of credit and accrued expenses approximate fair value because of the short maturities of these items.

NOTE 5 - Leases:

On April 8, 2003, TCEP executed a fifty (50) year lease with the City of New Orleans for a portion of square 289, Lot B for a rent amount of \$2,400 per year payable in advance on the first of the month.

Under the lease agreement, the annual rent shall be increased every five years by fifteen percent (15%) of the prior rental amount.

Furthermore, TCEP in lieu of the actual cash payment, affects the yearly rent beginning on June 1, 2002, by documenting the actual expenditure of funds committed by the State of Louisiana through a Cooperative Endeavor Agreement (See NOTE 12).

At June 30, 2007 cumulative cost incurred amounts to \$12,265 as an offset to the rent amount. (See NOTE 9). TCEP has determined that the necessary offset of the rent amount will be attained through the expenditure of the leasehold improvement activities.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Concentration of Credit Risk:

The primary funding sources for TCEP are the State of Louisiana Department of the Treasury, the New Orleans Council on Aging and the Office of Facility Planning and Control. If the amount of grant revenues received do not meet budgeted amount levels, TCEP's operating results could be adversely affected.

NOTE 7 - Risk Management:

TCEP is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, for which TCEP carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - Contingencies and Commitments:

TCEP is subject to possible examination by regulatory agencies who determine compliance with laws and regulations governing grants provided to TCEP. These examinations may result in required refunds by TCEP to the agencies.

Based on correspondence from the Internal Revenue Service dated January 9, 2003 and subsequent discussions with management, TCEP has been assessed proposed penalties in addition to proposed adjustments of wages and federal employment tax pending final resolutions for 1999 through 2001 tax years. At June 30, 2007 and December 27, 2007, we are unable to determine the actual dollar amount of the proposed penalties and interest, if any, or its impact on the accompanying financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Property and Equipment, net:

At June 30, 2007, property and equipment consisted of the following:

	Balance <u>July 1, 2006</u>	<u>Additions</u>	Balance <u>June 30, 2007</u>
Land and land improvements	\$ 15,115	\$ -0-	\$ 15,115
Equipment	38,104	18,433	56,538
Construction in progress	12,265	-0-	12,265
Leasehold improvements in progress	<u>56,909</u>	<u>-0-</u>	<u>56,909</u>
Sub-total	<u>122,393</u>	<u>18,433</u>	<u>140,826</u>
Less:			
Accumulated depreciation	<u>(16,947)</u>	<u>(9,326)</u>	<u>(26,273)</u>
Total	<u>\$105,446</u>	<u>\$ 9,107</u>	<u>\$114,553</u>

NOTE 10 - Subsequent Events:

TCEP received grants totaling \$328,425 from the State of Louisiana Department of the Treasury, the New Orleans Council on Aging and the State of Louisiana for the fiscal year ending June 30, 2008.

NOTE 11 - Cooperative Endeavor:

On October 23, 2001, and December 11, 2001, TCEP executed cooperative agreements with the State of Louisiana (Division of Administration) pursuant to Act 22, of the 2001 regular session of the Louisiana Legislature.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Cooperative Endeavor, Continued:

The Act appropriated funding in the amount of two hundred forty thousand dollars (\$240,000) for the "Leverette Senior House, Planning and Construction (Orleans)" project. In addition, the Act appropriated three hundred thousand dollars (\$300,000) and five hundred and fifty thousand dollars (\$550,000) for the "Program Operations, Planning and Construction (Orleans)" project.

Furthermore, the Bond Commission granted a non-cash line of credit for the "Program Operations Planning and Construction (Orleans)" project in the amount of five hundred fifty thousand dollars (\$550,000). The agreement further charged the Office of Facility Planning and Control with the administration of the cooperative agreements.

At June 30, 2007, TCEP had drawn down \$12,265 in connection with the Leverette Senior House, Planning and Construction project and \$56,909 in connection with the Program Operation Program.

NOTE 12 - Grant Receivable, Net:

At June 30, 2007 grants receivable, net consisted of the following:

	<u>Department of Education</u>
Grant receivable	\$ 19,749
Less allowance for doubtful accounts	(19,749)
Grants receivable, net	\$ <u>-0-</u>

Pursuant to a review conducted by the Department of Education (DOE), based upon requests for reimbursements (January through May, 2003) submitted by TCEP, DOE has disallowed costs totaling \$59,931.69 prior to the effect of reimbursements approved. It is management's assertion that the requests represent valid amounts due to TCEP. TCEP continued its discussions with the DOE and expects a favorable resolution. At June 30, 2007, the accompanying financial statements do not reflect the effects of adjustment, if any.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Per Diem to Board Members:

For the year ended June 30, 2007, the Board of Directors received no compensation in their capacity as directors.

NOTE 15 - Restatement of Beginning Net Assets:

The restatement of beginning net assets results from the resolution of prior year's out of balance condition in TCEP's interprogram activities.

NOTE 16 - Prepaid Items:

At June 30, 2007, prepaid items consisted of the following:

Advance to Architect	\$ 5,000
Prepaid travel cost (program related)	<u>12,383</u>
	<u>\$17,383</u>

NOTE 17 - Deferred Revenues:

Deferred revenues at June 30, 2007, represents the unearned portion of TCEP's 2007 grant award. See NOTE 18 for additional discussion.

NOTE 18 - Grant Award Extension:

On July 6, 2007, the treasurer for the State of Louisiana granted TCEP an extension of time on its cooperative endeavor agreement with the Department of Treasury to December 31, 2007. This extension allows TCEP additional time to obligate its grant award funds through December 31, 2007 instead of June 30, 2007.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Treme' Community Education Program, Inc.
New Orleans, Louisiana

Our report on our audit of the financial statements of **Treme' Community Education Program Inc.** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information (Exhibits, I, II and III) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 27, 2007

TREMPER COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS	STATE OF LOUISIANA					STATE OF LOUISIANA--		
	GENERAL PROGRAM	DEPARTMENT OF TREASURY	DEPARTMENT OF EDUCATION	OFFICE OF FACILITY PLANNING AND CONTROL	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	DEPARTMENT OF TREASURY TEMPORARILY RESTRICTED	TOTAL
Grants receivable	\$ -0-	\$ -0-	\$ 19,749	\$ -0-	\$ -0-	-0-	-0-	19,749
Allowance for doubtful accounts	-0-	-0-	(19,749)	-0-	-0-	-0-	-0-	(19,749)
Prepaid items	-0-	16,867	-0-	-0-	-0-	\$16	-0-	17,383
Interfund receivable	59,819	49,293	37,244	-0-	5	6,839	-0-	153,222
Land and land improvement	15,115	-0-	-0-	-0-	-0-	-0-	-0-	15,115
Equipment, net	1,600	-0-	-0-	-0-	-0-	-0-	-0-	30,264
Construction in progress	-0-	-0-	-0-	12,265	-0-	-0-	28,664	69,174
Total Assets	\$76,534	\$ 66,160	\$37,244	\$12,265	\$ 5	\$ 7,335	\$28,664	\$283,158

See Independent Auditors' Report on Supplementary Information.

TERRE COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

STATE OF LOUISIANA										--STATE OF LOUISIANA--	
OFFICE OF FACILITY											
PLANNING AND CONTROL											
DEPARTMENT OF TREASURY										DEPARTMENT OF	
GENERAL PROGRAM										NEW ORLEANS	
										COUNCIL ON	
										AGING	
										RESTRICTED	
										TOTAL	
LIABILITIES AND NET ASSETS (DEFICIT)											
Liabilities:											
Accounts payable	\$	-0-	\$15,486	\$	-0-	\$	-0-	\$6,751	\$	-0-	\$22,237
Bank overdraft		-0-	387		-0-		-0-	-0-		-0-	387
Real estate taxes payable		10,073			-0-		-0-	-0-		-0-	10,073
Interest payable		1,877			-0-		-0-	-0-		-0-	1,877
Deferred revenues		-0-	11,867		-0-		-0-	516		-0-	12,383
Interfund payable		<u>94,825</u>	<u>38,420</u>		<u>19,879</u>		<u>-0-</u>	<u>88</u>		<u>-0-</u>	<u>153,222</u>
Total liabilities		<u>106,775</u>	<u>66,160</u>		<u>19,879</u>		<u>-0-</u>	<u>7,355</u>		<u>-0-</u>	<u>200,179</u>
Net assets (deficit):											
Unrestricted		(30,241)	-0-		17,365		12,265	-0-		28,664	84,979
Total net assets (deficit)		<u>(30,241)</u>	<u>-0-</u>		<u>17,365</u>		<u>12,265</u>	<u>-0-</u>		<u>28,664</u>	<u>84,979</u>
Total liabilities and net assets (deficit)		<u>\$ 76,534</u>	<u>\$ 66,160</u>		<u>\$37,244</u>		<u>\$12,265</u>	<u>\$ 7,355</u>		<u>\$28,664</u>	<u>\$285,158</u>

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		STATE OF LOUISIANA--				STATE OF LOUISIANA--			
		OFFICE OF FACILITY PLANNING AND CONTROL				DEPARTMENT OF			
		DEPARTMENT OF TREASURY	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	PROGRAM OPERATIONS	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	TREASURY TEMPORARILY RESTRICTED	TOTAL
GENERAL PROGRAM									
\$	-0-	\$219,700	\$-0-	\$ -0-	\$ -0-	\$-0-	\$ -0-	\$ 18,433	\$238,133
	-0-	-0-	-0-	-0-	-0-	-0-	78,425	-0-	78,425
	-0-	1,131	-0-	-0-	-0-	-0-	-0-	-0-	1,131
Net assets released from restrictions:									
Restrictions satisfied by use	8,526	-0-	-0-	-0-	-0-	-0-	-0-	(8,526)	-0-
Total support	8,526	220,831	-0-	-0-	-0-	-0-	78,425	9,907	317,689
Revenue:									
Donations									
	-0-	2,921	-0-	-0-	-0-	-0-	-0-	-0-	2,921
Total revenue	-0-	2,921	-0-	-0-	-0-	-0-	-0-	-0-	2,921
Total support and revenue	8,526	\$223,752	\$-0-	\$-0-	\$-0-	\$-0-	\$ 78,425	\$ 9,907	\$320,610

See Independent Auditors' Report on Supplementary Information.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	STATE OF LOUISIANA					--STATE OF LOUISIANA--			
	OFFICE OF FACILITY PLANNING AND CONTROL					LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING	DEPARTMENT OF TREASURY TEMPORARILY RESTRICTED	TOTAL
GENERAL PROGRAM	DEPARTMENT OF TREASURY	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	PROGRAM OPERATIONS					
\$ -0-	\$ 84,702	\$ -0-	\$ -0-	\$ -0-		\$ -0-	\$ 26,847	\$ -0-	\$ 111,549
11,041	139,050	-0-	-0-	-0-		-0-	51,578	-0-	201,669
11,041	223,752	-0-	-0-	-0-		-0-	78,425	-0-	313,218
(2,515)	-0-	-0-	-0-	-0-		-0-	-0-	9,907	7,392
Net assets (deficit), beginning of year as restated	(27,726)	17,365	12,265	56,931		(5)	-0-	18,737	77,587
Net assets (deficit), end of year	\$ (30,241)	\$ 17,365	\$ 12,265	\$ 56,931		\$ (5)	\$ -0-	\$ 28,664	\$ 84,979

Expenses

Program services
Supporting services

Total expenses

Change in net assets

Net assets (deficit), beginning of year
as restated

Net assets (deficit), end of year

See Independent Auditors' Report on Supplementary Information.

EXHIBIT III

TERRE COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

STATE OF LOUISIANA									
	DEPARTMENT OF						DEPARTMENT		
	TREASURY		NEW ORLEANS COUNCIL ON AGING		TREASURY		TEMPORARY RESTRICTED		
	PROGRAM SUPPORTING SERVICES	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM SERVICES	SUPPORTING SERVICES	PROGRAM SERVICES	SUPPORTING SERVICES		
Salaries and related benefits	\$-0-	\$64,144	\$72,119	\$20,448	\$22,988	\$-0-	\$-0-	\$84,592	\$95,107
Payroll processing	-0-	861	933	272	295	-0-	-0-	1,133	1,228
Occupancy	-0-	2,845	12,964	938	4,273	-0-	-0-	3,784	17,237
Services and professional fees	-0-	1,385	6,307	437	1,992	-0-	-0-	1,822	8,299
Travel	-0-	1,961	8,932	2,259	10,291	-0-	-0-	4,220	19,223
Office supplies, printing and postage	-0-	731	3,837	236	1,240	-0-	-0-	967	5,077
Insurance	-0-	2,147	9,787	698	3,181	-0-	-0-	2,845	12,968
Gasoline	-0-	536	2,444	173	789	-0-	-0-	709	3,233
Equipment and equipment lease	-0-	5,485	-0-	-0-	-0-	-0-	-0-	5,485	-0-
Repairs and maintenance	-0-	930	4,278	284	1,290	-0-	-0-	1,223	5,568
Dues and subscriptions	-0-	54	247	17	78	-0-	-0-	71	325
Telephone	-0-	651	2,965	206	939	-0-	-0-	857	3,904
Interest expense	-0-	584	842	204	927	-0-	-0-	1,046	5,350
Depreciation	-0-	9,326	-0-	-0-	-0-	-0-	-0-	-0-	9,326
License and permits	-0-	5	21	1	7	-0-	-0-	6	28
Bank service charges	-0-	134	37	37	170	-0-	-0-	171	781
Food and activities	-0-	1,678	7,643	541	2,462	-0-	-0-	2,219	10,105
Storage fees	-0-	117	531	37	170	-0-	-0-	154	701
Advertising	-0-	135	614	43	194	-0-	-0-	178	808
Books	-0-	13	58	4	18	-0-	-0-	17	76
Support to other funds	-0-	1,131	-0-	-0-	-0-	-0-	-0-	-0-	1,131
Staff Development/Miscellaneous	-0-	38	920	12	274	-0-	-0-	50	1,194
Total	\$-0-	\$84,702	\$139,050	\$26,547	\$51,578	\$-0-	\$-0-	\$11,549	\$201,669

See Independent Auditors' Report on Supplementary Information



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Treme' Community Education Program, Inc.
New Orleans, Louisiana

We have audited the financial statements of **Treme' Community Education Program, Inc. (TCEP)** as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TCEP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of TCEP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TCEP's internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the subsequent paragraphs, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects TCEP's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of financial statements that is more than inconsequential will not be prevented or detected by TCEP's internal control. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Responses as items 2007-01, 2007-02 and 2007-03 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by TCEP's internal control.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that of the significant deficiencies previously described, items 2007-02 and 2007-03 are material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of TCEP in a separate letter dated December 27, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TCEP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

TCEP's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Responses under the caption "Management Response" or "Current Status". We did not audit TCEP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Board of Directors, TCEP's management, the Legislative Auditor, State of Louisiana, regulatory agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public documents.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 27, 2007

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

We have audited the financial statements of **Treme' Community Education Program, Inc.** as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- | | |
|--|------------|
| • Material weakness(es) identified? | Yes |
| • Control deficiency (ies) identified
that are not considered to be
material weaknesses? | Yes |

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

- | | |
|--|-------------|
| • Material weakness(es) identified? | N/A* |
| • Control deficiency (ies) identified
that are not considered to be
material weaknesses? | N/A* |

*Not Applicable

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section I - Summary of Auditors' Results, Continued

Type of auditor's report issued on compliance for major programs:	N/A*
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	N/A*
Identification of major programs:	N/A*
Dollar threshold used to distinguish between type A and type B programs	N/A*
Auditee qualified as low-risk auditee?	N/A*

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section II - Financial Statement Findings and Responses

Reference Number

2007-01

Criteria

Management of TCEP is responsible for the implementation of a design and operation of internal control to safeguard TCEP's assets.

Condition

Considering the size of TCEP's accounting department, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of TCEP's assets.

Context

Total expenses for the year ended June 30, 2007 was \$313,218.

Effect

Potential risk of misappropriation of the assets of TCEP.

Cause

Size of TCEP's personnel.

Recommendation

We recommend management's continued oversight in all key internal control areas.

Management's Response

To ensure that internal control and segregation of duties are achieved. TCEP's is in the process of hiring a bookkeeper to assist the Accountant. The Accountant will review all transactions and reports and forward to the Executive Director for approval. This process will give us adequate protection for safeguarding TCEP's assets.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section II - Financial Statement Findings and Responses, Continued

Reference Number

2007-02

Criteria

Management of TCEP is responsible for the maintenance of an effective internal control system.

Condition

Our review of TCEP's June 30, 2007 general ledger revealed the following conditions:

- No monthly analysis and review were performed on significant general ledger account balances such as payables, interfund activities etc., to ascertain the validity in recorded amounts; and
- The general ledger at June 30, 2007, had an interfund out of balance condition in the amount of \$52,541 before the effect of audit adjustments.

We noted through discussions with management that the general ledger was reconstructed because of the destruction of its accounting and program records resulting from the impact of Hurricane Katrina in 2005.

Context

Total expenses for the year ended June 30, 2007 was \$313,218.

Effect

The described conditions affect TCEP's ability to prepare and submit complete and accurate financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2007-02

Cause

The size of TCEP's accounting personnel.

Recommendation

We recommend that management ensures that all significant general ledger accounts are reconciled to ensure completeness of TCEP's financial statements as a part of the monthly accounting processes.

Management's Response

All accounts have been reconstructed and reconciled as of January 11, 2008.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section II - Financial Statement Findings and Responses, Continued

Reference Number

2007-03

Criteria

Management of TCEP is responsible for the design and implementation of internal control over the preparation of financial statements.

Condition

TCEP's current staffing limitation, does not facilitate the accurate and complete preparation of financial statements to include the required footnotes.

Context

Total expenses for the year ended June 30, 2007 was \$313,218.

Effect

The described condition affects TCEP's ability to prepare and submit complete and accurate financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2007-03

Cause

TCEP's staffing capacity is impacted by the level of financial resources available.

Recommendation

We recommend that management continue in its efforts to explore other financial resources available to assist in the recruitment of personnel and/or consider the use of outside professional services in the area of financial statement preparation.

Management's Response

TCEP's is in the process of hiring a full time bookkeeper who will work with the Accountant. This person will be responsible for the recordation of all transaction. All financial reports financial statements will be prepared by the Accountant and approved by the Executive Director. This process should give us adequate internal control of the preparation of financial statements.

Furthermore, management will continue to evaluate the cost versus benefit associated with the use of outside consultants in the area financial statements preparation.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported as TCEP received no federal award funds for the year ended June 30, 2007.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year's Findings and Responses

Reference Numbers

2006-01, 2005-01 and 2004-01

Condition

Our review of TCEP's June 30, 2006 general ledger revealed the following conditions:

- No monthly analysis and review were performed on significant general ledger account balances such as payables, prepaid insurance, interfund activities etc., to ascertain the validity in recorded amounts;
- The general ledger at June 30, 2006, had an interfund out of balance condition in the net amount of \$48,545; and
- Audit adjustments for the 2005 audit were not posted to the general ledger prior to the current audit.

We noted through discussions with management that the general ledger was reconstructed because of the destruction of its accounting and program records resulting from the impact of Hurricane Katrina.

Recommendation

We recommend that management continue in its efforts toward a complete reconstruction of all records. In addition, all general ledger accounts should be reconciled to ensure completeness of TCEP's financial statements.

Current Status

Unresolved. See current year's finding reference number 2007-02.

All accounts have been reconstructed and reconciled as of January 11, 2008. The general ledger will be reconciled monthly beginning January 2008 and the Accountant will perform an analysis of payables prepaid items, etc. to ascertain the validity of the recorded amounts and make all necessary adjustments.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers

2006-02 and 2005-02

Condition

As a result of the impact of Hurricane Katrina on August 29, 2005, certain selected documents such as cancelled checks, timesheets, validated deposit slips., were not available for a part of the fiscal year ended June 30, 2006.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim towards ensuring the completeness of its records retention in the event of a disaster. Also, management should continue in its effort towards the reconstruction process.

Current Status

Partially resolved.

Management has implemented the necessary procedures to ensure the timely reconciliation of subsidiary ledgers. All reconciliations of the interfund out of balance condition has been recorded as of January 10, 2008.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Number

2006-03

Condition

The audit report for TCEP was submitted late.

Recommendation

None.

Current Status

Resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV -Status of Prior Years' Findings and Responses, Continued

Reference Numbers

2004-02 and 2001-06

Condition

At June 30, 2005, TCEP had no bonding insurance coverage covering employees with access to cash.

Recommendation

We recommend that TCEP secure bond insurance coverage.

Current Status

Unresolved. The allotment that TCEP receives from its funding sources does not warrant bonding insurance coverage.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers

2004-03 and 2001-07

Condition

Continued lack of segregation of custodial and recordation functions or enhanced management oversight of all financial activities in instances where segregation of the custodial and recordation functions is not practical due to the size of TCEP's staff.

Recommendation

Management should continue to participate in all key internal control activities to include greater Board oversight.

Current Status

Partially resolved. Management continues to review and enhance its internal control procedures. A full time accountant has been hired and all receipts and disbursements are verified by the Administrative Assistant and approved by the Executive Director.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers

2004-05, 2003-01 and 2002-01

Condition

The June 30, 2004 audited financial statements for TCEP were not submitted within the timeframe dictated by LSA-RS 24:513.

Recommendation

Management should continue to work towards ensuring the timely submission of all reports.

Current Status

Resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-08

Condition

TCEP's April 12, 2003 reimbursement request, revealed the following conditions:

- Noted no sign-in sheets for two(2) sites;
- One (1) site did not maintain sign-in sheets as back-up;
- A student whose name appeared on the sign-in sheets, was not included on the reimbursement request form;
- Noted two (2) students who did not have documented social security numbers as required;
- The name of the Executive Director was incorrectly associated with twenty (20) contact hours; and
- Noted total contact hours of 117 as recorded on the submitted sign-in sheets as compared to 802 contact hours per reimbursement request forms.

Recommendation

TCEP should re-evaluate its data collection, file maintenance and information reporting procedures with an aim towards ensuring the accurate reporting of all DOE activities.

Current Status

TCEP is in dialogue with the Department of Education.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-09

Condition

We were unable to substantiate the completeness of TCEP's general ledger because of several unrecorded transactions resulting from our performance of audit procedures. Interfund activity for the year ended June 30, 2003, revealed several unposted and improperly posted transactions. This condition contributed to the an out-of-balance condition in the interfund accounts at June 30, 2003 of \$14,075.

In addition, we were unable to trace the corresponding or offsetting entries to specific general ledger accounts for selected transactions. Also, we noted that several transactions were improperly recorded and classified. However, the overall general ledger did balance.

Subsidiary ledgers for significant general ledger accounts such as payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts.

Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2003, which were contrary to the nature of the account prior to the effect of audit adjustments.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number, Continued

2003-09

Recommendation

We recommend that management revisit with its procedures regarding the recordation and oversight of financial transactions with an emphasis on the preparation and submission of accurate financial statements.

Current Status

Partially resolved.

TCEP is in the process of hiring a bookkeeper which will ensure the duties are segregated and transaction is recorded timely. Financial reports will be prepared by the Accountant and approved by the Executive Director.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-10

Condition

Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At June 30, 2002 the total interfund balance was approximately \$702,384.

Recommendation

Management should establish a procedure to facilitate the timely reimbursement of interfund advances and the periodic reconciliation of interfund advances.

Current Status

Partially resolved. Effective with the month ending January 31, 2008, all interfund transactions will be reconciled.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Years' Findings and Responses, Continued

Reference Numbers

2002-02, 2001-04,
2000-01 and 2000-03

Condition

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- Subsidiary ledgers for significant general ledger accounts such as, payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts;
- Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2002, which were contrary to the nature of the account prior to the effect of audit adjustments;
- Untimely and inaccurate recordation of financial transactions;
- Untimely preparation and review of financial statements for accuracy and completeness as evidenced by the numerous audit adjustments;
- The June 2002 monthly bank account reconciliation for TCEP's JCCH program did not agree to the general ledger balance at June 30, 2002. The general ledger balance for the referenced account at June 30, 2002, was \$45.73 compared to the reconciled balance of \$.05;

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section IV - Status of Prior Years' Findings and Responses, Continued

Reference Number, Continued

2002-02, 2001-04,
2000-01 and 2000-03

Condition, Continued

- Noted no indication of supervisory review and/or approval of all reconciled bank accounts; and
- Untimely preparation of all bank account reconciliations.

Current Status

Partially resolved.

The accountant will review all transactions made by the bookkeeper and the Executive Director will approve all reports. All bank reconciliations are done monthly and approved by the Executive Director.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
EXIT CONFERENCE

An exit conference was held with representatives of **Treme' Community Education Program, Inc.** The contents of this report were discussed and management indicated their concurrence in all material respects. Those individuals who participated in this and previous discussions are as follows:

TREME' COMMUNITY EDUCATION PROGRAM, INC.

Mr. Norman Smith	--	Executive Director
Ms. Linder Andrew	--	Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM	--	Partner
Ms. Ivionne Divinity	--	Staff Accountant



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Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

Mr. Norman Smith, Executive Director
Treme' Community Education Program, Inc.
New Orleans, Louisiana

In planning and performing our audit of the financial statements of **Treme' Community Education Program, Inc. (TCEP)** as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered TCEP's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of TCEP's internal control. Accordingly, we do not express an opinion on the effectiveness of TCEP's internal control.

However, during the course of our audit, we became aware of matters that are opportunities for strengthening internal control and operating efficiency. We previously reported on TCEP's internal control in our report dated December 27, 2007. This letter does not affect our report dated December 27, 2007, on the financial statements of TCEP.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with TCEP's management, and will be pleased to discuss these comments in further detail at your convenience and to perform any additional study of these matters.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2007

The following summarizes our current year's other matters:

Condition

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- No mathematical verification is performed of invoices prior to payment on the invoices;
- Bank accounts not formally closed;
- Lack of supervisory evidence to support the review of all bank account reconciliations prepared by staff;
- Vendor payables outstanding in excess of one (1) year;
- Untimely preparation and submission of monthly financial statements to management and the Board of Directors; and
- No periodic reconciliation of Federal and State tax reports to the general ledger.

It is our understanding through discussion with management that the impact of Hurricane Katrina to include TCEP's staffing levels contributed to some of the previously described conditions.

Recommendation

We recommend that management evaluate the conditions previously described with an aim towards ensuring the following:

- The mathematical verification on all invoices prior to payment;

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007

Recommendation, Continued

- Formally close all bank accounts via Board resolution;
- Timely preparation and submission of financial statements to include budgeted to actual variance reports to management and the Board; and
- Periodic analysis of payable balances to ensure validity.

Management's Response

Management will evaluate the conditions described and implement the necessary procedures to resolve by no later than June 30, 2008.

Condition

Maintenance of a depreciation schedule TCEP does not maintain a current depreciation schedule.

Recommendation

we recommend that a fixed asset schedule should be prepared to include the periodic depreciation computation, recordation and maintenance on a current basis.

Management's Response

Management will implement a procedure that requires the maintenance of a depreciation schedule by no later than June 30, 2008.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2006 and Prior

The following is the status of prior year's other matters:

Condition

Considering the size of TCEP, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of TCEP's assets.

Recommendation

Management and the Board of Directors should continue to provide the level of oversight necessary in all key internal control areas.

Current Status

Unresolved. See current year's finding reference number 2007-01.

Condition

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- No mathematical verification is performed of all invoices prior to payment on the invoices;
- Bank accounts have not been formally closed;
- Lack of supervisory evidence to support the review of all bank account reconciliations;
- Several stale dated checks and deposits reflected as outstanding and/or in transit on the bank reconciliation schedules at June 30, 2006; and

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**
(CONTINUED)

2006 and Prior, Continued

Condition, Continued

- Untimely preparation and submission of monthly financial statements to management and the Board of Directors;

It is our understanding through discussion with management that the impact of Hurricane Katrina to include TCEP's staffing levels contributed to some of the previously described conditions.

Recommendation

We recommend that management evaluate the conditions previously described with an aim towards ensuring the following:

- The mathematical verification on all invoices prior to payment;
- Formally close all bank accounts via Board resolution; and
- Timely preparation and submission of financial statements to include budgeted to actual variance reports to management and the Board.

Current Status

Unresolved. See current year's section of this letter.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**
(CONTINUED)

TCEP's response to other matters identified in our audit is described in the accompanying report under the caption "Management Response" or "Current Status". We did not audit TCEP's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

This report is intended solely for the information and use of Board of Directors, management, Governor's Office of Urban Affairs and Development, New Orleans Council on Aging, the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised State 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 27, 2007